

Crown Point Announces Operating and Financial Results for the Three Months Ended March 31, 2018

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CALGARY, Alberta, May 23, 2018 (GLOBE NEWSWIRE) -- [Crown Point Energy Inc.](#) ("Crown Point" or "Company" or "we") (TSX-V:CWV) today announced its operating and financial results for the three months ended March 31, 2018.

Copies of the Company's unaudited condensed interim consolidated financial statements and management's discussion and analysis ("MD&A") filings for the three months ended March 31, 2018 are being filed with Canadian securities regulatory authorities and will be made available under the Company's profile at www.sedar.com and on the Company's website at www.crownpointenergy.com. All dollar figures are expressed in United States dollars ("USD") unless otherwise stated.

In the following discussion, the three months ended March 31, 2018 may be referred to as "Q1 2018", the comparative three months ended March 31, 2017 may be referred to as "Q1 2017", and the previous three months ended December 31, 2017 may be referred to as "Q4 2017".

Highlights

During Q1 2018, the Company:

- Reported net income of \$0.3 million as compared to a net loss of \$0.6 million in Q1 2017;
- Reported average daily production volumes of 1,519 BOE per day, up 17% from 1,298 BOE per day in Q1 2017;
- Earned \$5.54 million of oil and gas revenue, up 100% from \$2.77 million earned in Q1 2017;
- Received an average of \$59.67 per bbl for its oil compared to \$50.20 per bbl earned in Q1 2017, which represents a 19% increase;
- Sold gas at an average price of \$4.30 per mcf as compared \$3.97 per mcf in Q1 2017, which represents an 8% increase;
- Reported an operating netback of \$22.12 per BOE, up 128% from \$9.69 per BOE in Q1 2017;
- Repaid the \$461,036 balance under the loan facility with Banco Industrial; and
- Launched a short form prospectus rights offering to raise up to \$12 million and entered into a commitment letter for a loan of up to \$14 million, in each case to fund the balance of the purchase price for the Company's proposed acquisition of Apco Austral S.A.

Subsequent to Q1 2018, the Company:

- Closed the rights offering, pursuant to which the Company issued 40,000,000 common shares at a price of \$0.30 per share for gross proceeds of \$12 million; and
- repaid its last remaining bank loan of \$216,227 owing under the loan facility with HSBC Argentina and the related \$157,000 in USD denominated letters of credit were released to the Company.

Operational update

Tierra del Fuego Concession ("TDF")

Rio Cullen and La Angostura Concessions

During Q1 2018, the San Martin discovery well (SM x-1001), located on the La Angostura Concession, produced a total of 25,943 m³ (163,180 bbls) of 35 API gravity oil (gross) plus 39 m³ (247 bbls) of basic sediment and water. Daily oil production averaged 288 m³ (1,813 barrels) per day (net 74 m³ (467 bbls) per day). Total associated natural gas production during the period was 1,492,320 m³ (52,701 mcf) (gross) or an average of 16,581 m³ (586 mcf) of gas per day (gross). Facilities were installed during March to capture the associated gas for transportation and sale at YPF's TDF San Sebastian gas plant. Gas capture and sales commenced on April 12.

The Company and its joint venture partners plan to drill two appraisal wells on the San Martin structure during 2018. The first well (SM a-1002) will be drilled to the south of the discovery well in the second quarter of 2018. The second well (SM a-1003) will be located north and west of SM x-1001 and is scheduled to be drilled in July 2018.

Las Violetas Concession

The Company and its joint venture partners will drill one exploration well (LR x-1001) in late Q2 or early Q3 2018 to test the eastern extension to the Rio Chico gas pool. The Company has identified an additional number of older producing and non-producing gas wells on the Las Violetas concession as candidates for intervention and possible fracture stimulation in the second half of 2018 to restore and/or improve production.

The Company has scheduled completion and testing operations on LFE-1004, the last well in the Company's 2014-2015 drilling program, for June 2018. This well did not encounter the Springhill formation objective but was subsequently cased after recording oil and gas shows in the underlying Tobífera formation.

Cerro de Los Leones Concession

The Company has a 100% working interest in the 100,907 acre area covered by the Cerro de Los Leones ("CLL") Concession Permit (the "Permit"), located in the northern portion of the Neuquén Basin in the Province of Mendoza, Argentina. In March 2018, the Company received formal approval from the government extending the deadline to acquire 234 km² of 3-D seismic and drill one exploration well to January 22, 2019. The Company is waiting on final environmental approval before commencing field operations to record the 3-D seismic program. Barring unforeseen circumstances, seismic operations are scheduled to commence in late May 2018.

Outlook

The Company modified its capital spending for 2018 as follows:

	Previous guidance for 2018	Updated guidance for 2018	Explanation
TDF concessions (\$)	5.4 million	6.0 million	Increase in estimated costs
CLL Permit (\$)	7.4 million	4.3 million	Deferral of \$2.1 million to 2019
Total capital expenditures (\$)	12.8 million	10.3 million	

The Company's 2018 capital spending is based on expenditures for the following activities:

- Acquisition of 234 km² of 3-D seismic on the CLL Permit to fulfill the work commitment for the second exploration period.
- Complete and test the Tobífera formation in LFE-1004 which was drilled, cased and left standing in 2015.
- Drill two appraisal wells on the San Martin structure in the La Angostura concession.
- Drill one exploration well (LR x-1001) in the Las Violetas concession to test the eastern extension of the Rio Chico gas pool.
- Improvements to facilities in TDF.

Crown Point expects to meet these obligations, along with its other anticipated expenses, using funds flow

from operations, additional debt and/or equity financings and potential joint venture arrangements.

The Company expects to receive an average of \$63.76 per bbl of crude oil and \$4.42 per mcf of natural gas during the remaining nine months of 2018.

SUMMARY OF FINANCIAL INFORMATION

(expressed in \$, except shares outstanding)	March 31 2018	December 31 2017
Working capital	2,239,833	685,653
Exploration and evaluation assets	6,036,233	6,013,387
Property and equipment	21,723,485	23,198,458
Total assets	40,943,655	40,856,370
Share capital	119,982,644	119,982,644
Total common shares outstanding	32,903,038	32,903,038

(expressed in \$, except shares outstanding)	Three months ended March 31	
	2018	2017
Oil and gas revenue	5,541,446	2,773,174
Net income (loss)	272,779	¥567,457
Net income (loss) per share ⁽¹⁾	0.01	¥0.03
Cash flow from operations	2,039,243	634,124
Cash flow per share – operations ⁽¹⁾	0.06	0.04
Funds flow from operations ⁽²⁾	1,724,635	371,031
Funds flow per share – operations ⁽¹⁾⁽²⁾	0.05	0.02
Weighted average number of shares	32,903,038	16,451,522

⁽¹⁾ All per share figures are based on the basic weighted average number of shares outstanding in the period. The effect of options is anti-dilutive. Per share amounts may not add due to rounding.

⁽²⁾ "Funds flow from operations" and "Funds flow per share - operations" are non-IFRS measures. See "Non-IFRS Measures" in the "Advisory" section of this press release and in the Company's March 31, 2018 MD&A for a reconciliation of these measures to the nearest comparable IFRS measures.

TDF Operating Netback

The Company's operating netback was higher in Q1 2018 as compared to Q1 2017 due primarily to an increase in oil and gas revenue per BOE.

	Three months ended March 31	
	2018	2017
Sales Volumes and Revenues		
Light oil bbls per day	649	94
NGL bbls per day	14	36
Natural gas mcf per day	5,240	6,423
BOE per day	1,536	1,200
Per BOE		
Oil and gas revenue (\$)	40.09	25.68
Royalties (\$)	(6.29)	(4.73)
Operating costs (\$)	(11.68)	(11.26)
Operating netback ⁽¹⁾ (\$)	22.12	9.69

(1) "Operating netback" is a non-IFRS measure. See "Certain Oil and Gas Disclosures".

PROPOSED ACQUISITION OF APCO AUSTRAL

The Argentine Court of Appeal recently rejected Roch S.A.'s appeal, with the result that the lower court's decision to revoke the injunction preventing Pluspetrol S.A. from selling the shares of Apco Austral S.A. to Crown Point has been restored. The Company has been advised that Roch has until June 4, 2018 to appeal this decision to the Supreme Court of Argentina. In light of this development, the Company is preparing to close the acquisition and is targeting a closing date by the end of June 2018. In this regard, the Company is in negotiations with Pluspetrol to extend the outside date for closing the acquisition past the current outside date of May 30, 2018. For further details, see the Company's press release issued on May 18, 2018, a copy of which is available under the Company's profile at www.sedar.com and on the Company's website at www.crownpointenergy.com.

About Crown Point

[Crown Point Energy Inc.](#) is an international oil and gas exploration and development company headquartered in Calgary, Canada, incorporated in Canada, trading on the TSX Venture Exchange and operating in South America. Crown Point's exploration and development activities are focused in two of the largest producing basins in Argentina, the Austral basin in the province of Tierra del Fuego and the Neuquén basin, in the province of Mendoza. Crown Point has a strategy that focuses on establishing a portfolio of producing properties, plus production enhancement and exploration opportunities to provide a basis for future growth.

Advisory

Certain Oil and Gas Disclosures: Barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet (6 Mcf) to one barrel (1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of crude oil in Argentina as compared to the current price of natural gas in Argentina is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value. "Mcf" means thousand cubic feet. "bbls" means barrels. "3-D" means three dimensional. "Q1" means the three months ended March 31. "Q2" means the three months ended June 30. "Q3" means the three months ended September 30. "Q4" means the three months ended December 31. "m3" means cubic metres. This press release also contains other industry benchmarks and terms, including "operating netbacks" (calculated on a per unit basis as oil, natural gas and natural gas liquid revenues less royalties, transportation and operating costs), which is a non-IFRS measure. Management believes this measure is a useful supplemental measure of the Company's profitability relative to commodity prices. Readers are cautioned, however, that operating netbacks should not be construed as an alternative to other terms such as net income as determined in accordance with IFRS as measures of performance. Crown Point's method of calculating this measure may differ from other companies, and accordingly, may not be comparable to similar measures used by other companies.

Non-IFRS Measures : This press release contains the term "funds flow from (used by) operations" which should not be considered an alternative to, or more meaningful than, operating cash flows as determined in accordance with IFRS as an indicator of the Company's performance. Funds flow from (used by) operations and funds flow per share – operations do not have any standardized meanings prescribed by IFRS and may not be comparable with the calculation of similar measures used by other entities. Management uses funds flow from (used by) operations to analyze operating performance and considers funds flow from (used by) operations to be a key measure as it demonstrates the Company's ability to generate cash necessary to fund future capital investment. Funds flow per share – operations is calculated using the basic and diluted weighted average number of shares for the period consistent with the calculations of earnings per share. A reconciliation of funds flow from (used by) operations to operating cash flows is presented in the MD&A for the three months ended March 31, 2018 which will be made available under the Company's profile at www.sedar.com.

Forward-looking Information: This document contains forward-looking information. This information relates to future events and the Company's future performance. All information and statements contained

herein that are not clearly historical in nature constitute forward-looking information, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential", "continue", "aim", or the negative of these terms or other comparable terminology are generally intended to identify forward-looking information. Such information represents the Company's internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. In addition, this document may contain forward-looking information attributed to third party industry sources. Crown Point believes that the expectations reflected in this forward-looking information are reasonable; however, undue reliance should not be placed on this forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. This press release contains forward-looking information concerning, among other things, the following: under "Operational Update – Tierra del Fuego Concession", the operations that the Company intends to conduct on certain of its TDF assets and the expected timing of certain operations; under "Operational Update – Cerro de Los Leones Concession", the operations that the Company intends to conduct on certain of its CLL assets and the expected timing of certain operations; under "Outlook", our estimated capital expenditures for fiscal 2018, the allocation of such capital expenditures between our TDF and CLL concessions, the anticipated elements of this capital program, our expectations for how we will fund our capital programs during this period, and the average crude oil and natural gas prices that the Company expects to receive for the nine months ended December 31, 2018; under "Proposed Acquisition of Apco Austral", the Company's target to close the acquisition by the end of June 2018 and the Company's expectation that the outside date to close the acquisition will be extended. The reader is cautioned that such information, although considered reasonable by the Company, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided in this document as a result of numerous known and unknown risks and uncertainties and other factors. A number of risks and other factors could cause actual results to differ materially from those expressed in the forward-looking information contained in this document including, but not limited to, the following: the risks and other factors described under "Business Risks and Uncertainties" in our MD&A for the three months ended March 31, 2018 and under "Risk Factors" in the Company's most recently filed Annual Information Form, which is available for viewing on SEDAR at www.sedar.com. In addition, note that information relating to reserves is deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions that the reserves described can be economically produced in the future. With respect to forward-looking information contained in this document, the Company has made assumptions regarding, among other things: that Roch will not appeal (or will not be successful in appealing) the Court of Appeal's decision; that the Company and Pluspetrol will extend the outside date to close the acquisition beyond May 30, 2018; that the Company will be able to secure the financing necessary to fund the balance of the purchase price for the acquisition; that the acquisition can be closed by the end of June 2018; the impact of increasing competition; the general stability of the economic and political environment in which the Company operates, including operating under a consistent regulatory and legal framework in Argentina; future oil, natural gas and NGL prices (including the effects of governmental incentive programs thereon); the timely receipt of any required regulatory approvals; the ability of the Company to continue as a going concern without the loss of any assets; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the costs of obtaining equipment and personnel to complete the Company's capital expenditure program; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms when and if needed, including the ability of the Company to obtain the new credit facility; the ability of the Company to service its debt repayments when required; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration activities; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its oil and natural gas products. Management of Crown Point has included the above summary of assumptions and risks related to forward-looking information included in this document in order to provide investors with a more complete perspective on the Company's future operations. Readers are cautioned that this information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this document are expressly qualified by this cautionary statement. The forward-looking information contained herein is made as of the date of this document and the Company disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable Canadian securities laws.

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